



Auditor of Public Accounts
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FOR IMMEDIATE RELEASE

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Edelen Releases Audit of Ballard County Fiscal Court

FRANKFORT, Ky. – State Auditor Adam Edelen has released the audit of the financial statements of the Ballard County Fiscal Court for the fiscal year ended June 30, 2011. State law requires annual audits of county fiscal courts.

The audit found that the county's financial statements, in all material respects, fairly present the county's assets, liabilities, and net assets arising from cash transactions and revenues received and expenditures paid in conformity with the modified cash basis of accounting.

As part of the audit process, the auditor must comment on non-compliance with laws, regulations, contracts and grants. The auditor must also comment on material weaknesses involving the internal control over financial operations and reporting.

The audit contains the following comments:

The Fiscal Court should properly account for and report the public properties corporation fund. The Fiscal Court should maintain proper accounting records for the Public Properties Corporation-Debt Service Fund. Since the Fiscal Court is financially accountable and legally obligated for the debt of the Public Properties Corporation, it is reported as a blended component unit of the Fiscal Court. In accordance with KRS 68.210, the Fiscal Court should maintain a receipt and disbursement ledger, reconcile ledgers to bank statements and prepare an annual financial statement for the Public Properties Corporation. We recommend the Fiscal Court properly account for and report the Public Properties Corporation Fund in the future.

County Judge/Executive Vickie Viniard's response: "This issue has already been addressed. The fiscal court approves the Public Properties each month and is included in the minutes."

The Fiscal Court should properly account for and report the Community Development Block Grant Fund. The Fiscal Court should maintain proper accounting records for the Community Development Block Grant Fund. Since the Fiscal Court is financially accountable for the receipts and disbursements of the grant, these transactions should be recorded on the county's books as required by KRS 68.210. The Fiscal Court should require grant administrator to submit monthly bank reconciliations, supporting documentation prior to issuing grant payments, and monthly financial information reporting amount of grant funds received and expended. We recommend that the Fiscal Court properly account for and report the Community Development Block Grant Fund in the future.

County Judge/Executive Vickie Viniard's response: "The CDBG is closed out. The PADD office administers the grant. The PADD is looking into this matter."

The Jailer has a lack of segregation of duties over jail canteen operations. The Jailer lacks an adequate segregation of duties over the jail canteen operations. The Jailer is responsible for all collection, recording and reporting functions.

Segregation of duties over the collections of receipts, deposit preparation, bank reconciliations, and other accounting functions is essential for providing protection from asset misappropriation and/or inaccurate financial reporting. Additionally, proper segregation of duties protects employees in the normal course of performing their daily responsibilities.

To adequately prevent the misappropriation of assets, we recommend the Jailer separate the duties of collecting receipts, deposit preparation, bank reconciliations and other accounting functions. If these duties cannot be separated due to limited staff, then strong oversight should be provided to employee or employees responsible for these duties.

County Jailer Mike Horn's response: "As Jailer I will maintain and record all receipts and checks for purchase from the Canteen Fund. My Bookkeeper will provide oversight of the bank account, compare written checks with receipts which I have recorded and make all bank deposits. This should provide accountability against mistakes and misuse of the canteen fund."

The Fiscal Court should maintain a complete and accurate schedule of capital assets.

According to the County Budget Manual issued by the Department for Local Government, the Fiscal Court is required to maintain an up-to-date list of capital assets purchased and sold. For fiscal year 2011 the fiscal court did not update the capital asset list with any additions or deletions. We recommend that a listing of additions and deletions of capital assets be updated on a regular basis.

County Judge/Executive Vickie Viniard's response: "Will comply."

The Fiscal Court should submit a schedule of leases and liabilities to the Department for Local Government. The Department for Local Government requires the Fiscal Court to submit a schedule of leases and liabilities along with the quarterly financial report. For fiscal year 2011 the fiscal court did not submit a schedule of outstanding debt to the Department for Local Government. We recommend the Fiscal Court include a schedule of leases and liabilities with the quarterly financial report submitted to the Department for Local Government as required.

County Judge/Executive Vickie Viniard's response: "Unaware of other lease agreements had to be reported. We do report our bonds with DLG."

The Fiscal Court should approve all county employees' compensation rates in accordance with KRS 64.530. Each county employee's salary or hourly rate is currently being approved by fiscal court through the approval of the original budget. According to KRS 64.530(1), each employee or county officer is required to have his/her compensation approved by Fiscal Court each year. In order to comply with this statute, we recommend that at the beginning of each fiscal year, a list of each employee, by *job position*, along with his/her pay, be listed and approved by fiscal court. This list when approved by Fiscal Court should be documented in the Fiscal Court Order Book.

County Judge/Executive Vickie Viniard's response: "This has already been addressed and corrected."

The Fiscal Court should publish annual financial statement as required by KRS 424.220. According to KRS 424.220, the Fiscal Court is required to annually publish its financial statement. For fiscal year 2011, the Fiscal Court did not have the financial statement published as required. We recommend that the Fiscal Court comply with KRS 424.220 by having the financial statement published on the annual audit report.

County Judge/Executive Vickie Viniard's response: "The court does report this annually. There was a change in personnel that possibly caused this issue."

The Jailer should comply with KRS 441.125 by properly accounting for and reporting jail canteen fund. KRS 441.135(2) states the jailer shall keep books of accounts of all receipts and disbursements from the jail canteen and shall annually report to the county treasurer on the canteen account. The jailer did not make timely deposits, maintain supporting documentation for expenses or report canteen activities to the county treasurer for fiscal year 2011. We recommend that the jailer comply with KRS 441.135 by making timely deposits, maintaining supporting documentation for all expenses, and annually report canteen activities to county treasurer.

County Jailer Mike Horn's response: "As Jailer I will make the annual report of the canteen fund in writing to the Fiscal Court in open court session for public documentation."

The audit report can be found on the [auditor's website](#).

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The Auditor of Public Accounts ensures that public resources are protected, accurately valued, properly accounted for, and effectively employed to raise the quality of life of Kentuckians.

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